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FISCAL IMPACT STATEMENT

LS 6837

BILL NUMBER: HB 1321

NOTE PREPARED: Jan 30, 2014

BILL AMENDED: Jan 29, 2014

SUBJECT: Innovation network schools.

FIRST AUTHOR: Rep. Behning

FIRST SPONSOR: Sen. Pete Miller

BILL STATUS: As Passed House

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill authorizes Indianapolis Public Schools (IPS) to enter into an agreement with a school management team to establish innovation network schools.

Effective Date: July 1, 2014.

Explanation of State Expenditures: *Summary:*

a. Dept of Education: The Department of Education (DOE) shall include the innovation network school's performance assessment results when computing the performance assessment of IPS. This would be within the Department's routine administrative functions.

b. State Board of Education: The State Board of Education shall evaluate the performance of the innovation network school based on measures agreed upon by the Board and the school management team. This would be within the Board's routine administrative functions.

(Revised) *c. Retirement Fund Eligibility:* Individuals employed by the innovation network school are entitled to participate in either the state teachers' retirement fund or the public employees' retirement fund. The number of additional teachers who will participate in either of these funds is unknown at this time.

Explanation of State Revenues:

Explanation of Local Expenditures: See *Explanation of Local Revenues*.

Explanation of Local Revenues: (Revised) This bill gives the IPS Board of School Commissioners the authority to enter into an agreement with a school management team to operate an innovation network school as defined by this bill. The state tuition support for the school in question would be transferred from IPS to the school management team, decreasing the amount of revenue IPS receives. For IPS, if the school management team took over one of its failing schools, the team might improve the academic performance of the school thereby forestalling possible intervention by the State Board, and the expenditures associated with the intervention.

The bill requires the school management team to use the existing school building, property and building contents, as provided by the agreement, as long as it operates the innovation network school. If the school has vacant or underutilized facilities, IPS may gain revenue from leasing the facility to the innovation network school (if this is part of the agreement) instead of having to place it on the vacant/unused list required by DOE where a charter school may lease it for \$1 a month or buy it for \$1.

IPS may continue to provide transportation for students, and maintain and repair the buildings and grounds. If requested, IPS would also provide goods or services to the innovation network school at cost. This would reduce operational expenditures for the innovation network school.

Based on accountability data from the Department of Education on academic performance, 13 of the 65 schools in IPS district would be eligible to become an innovation network school. There could be more when schools with vacant or unused buildings are included.

(Revised) Additional Information

An innovation network school, as defined by the bill, is a school in the IPS school district that is being operated by a school management team, which is a not-for-profit entity that operates a single eligible school within IPS. To be eligible, the school's academic performance has to place it in one of the lowest two categories of school improvement for three consecutive years, or the school must be vacant, underutilized, or its enrollment is below the capacity of the school building. Under the bill, the IPS board of school commissioners may enter into an agreement with the school management team to establish the school in question as an innovation network school.

Both parties have to notify the Department of Education of the agreement. In turn, the Department shall, for years starting after the date of the agreement, include the innovation network school's performance assessment results when computing the performance assessment of IPS.

Both parties also have to agree on the distribution of federal and state funds. The innovation network school would be subject to all applicable federal and state laws, and constitutional provisions that prohibit discrimination. The school management team would have full operational autonomy to run the innovation network school. It would make all personal decisions. Except for patriotic commemorative observances and personal financial responsibility instruction, the current rules that apply to charter schools would also apply to an innovation network school.

Under the bill, employees of an innovation network school may organize and collectively bargain. Additionally, certain rules would not apply to an innovation network school. These include rules that apply to a governing body or school corporation, rules adopted by the State Board except for those that assist a teacher in gaining or renewing a standard or advanced license, and local regulations.

The innovation network school may not refuse to enroll a student who lives in its attendance area.

State Agencies Affected: State Board of Education; Dept of Education.

Local Agencies Affected: IPS; Innovation network schools.

Information Sources: Dept of Education website: www.doe.in.gov/accountability

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